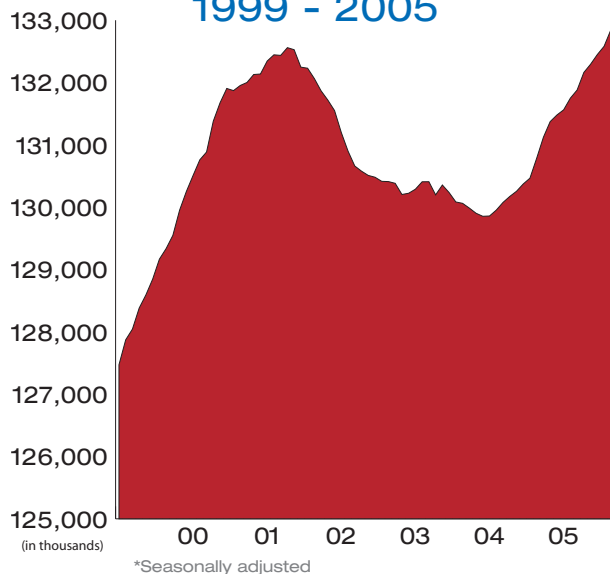


# Should We Finally Get Excited?

U.S. Employment\*  
1999 - 2005



Is it time to finally get excited about the direction of the United States economy? Considering how starved we are for good economic news after the persistent economic downturn of the early 2000s and subsequent lack of employment growth, the current state of the economy looks promising.

The economy is generating new jobs again. The previous employment peak of four years ago has finally been surpassed. Real GDP is expanding at a 4 percent annualized rate, and all segments — households, businesses, government, and overseas trading partners — are contributing to this growth. Production capacity utilization is improving and trending upward. The high level of import activity is one of the few negatives in this economic picture.

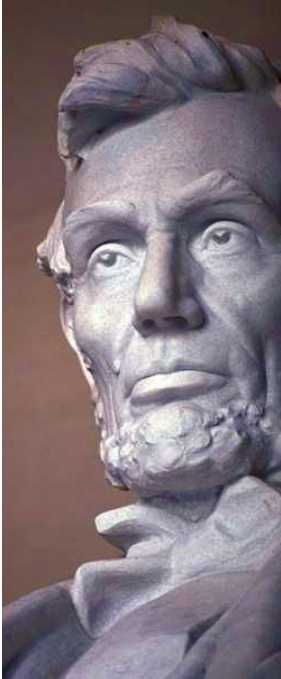
Is this improving picture being shared by all? The answer is no, at least not yet. The western states are enjoying the strongest economic rebound, and even then the results are mixed. Nevada, Utah, Hawaii, and Idaho stand out as the states with the best employment growth — all over 3 percent. Nearly all other western states are seeing employment gains of at least one to three percent. Few other parts of the country get this blanket of optimism. The only other significant area is the eastern seaboard from Pennsylvania to Florida.

The middle part of the country — the industrial Midwest — is the laggard. It has yet to experience an employment rebound of

any significance. It is a region with a high percentage of manufacturing, particularly the domestic automobile industry, and is still suffering from economic lethargy. However, only one state — Michigan — is still losing jobs. But, this small patch stands in sharp contrast with the post-9/11 environment when nearly three-quarters of the states were losing jobs.

What should we expect as the remainder of this year unfolds? The safest bet is to say that the western states will not only continue to lead in employment growth, but also that those growth rates should ease upward. The Intermountain states will probably do the best, since they have had multiple years of sub-

par employment gains while population growth continued at a strong pace. Strong employment gains should be the catch-up mechanism for the imbalance between that region's civilian labor force growth and the economy's ability to accommodate that growth. ①



**Employment Growth Rates – Dec 2004**

